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MEMORANDUM FOR: Chief, Certification and Liaison

SUBJECT : Verification of the Property Paid For Under the
FEDSTRIP/MILSTRIP Systems

1. SELECTION OF ITEMS TO BE VERIFIED

A. During the period 1 January through 30 June 1969, there were 10,653 FEDSTRIP/MILSTRIP transactions with a dollar value of [] recorded in general ledger account No. 4249. Of these transactions, there were 3,441 line items in excess of \$100.00 with a dollar value of [] and 7,212 line items of less than \$100.00 with a dollar value of []. The transactions in excess of \$100.00 represent approximately 98% of the total dollar value. The transactions of less than \$100.00 represent 67.7% of the total transactions and less than 2% of the total dollar value.

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B. From this data, 344 transactions representing 10% of those in excess of the \$100.00 category were selected for the verification exercise. Of this total there were 18 "unmatched" transactions and 326 "matched" transactions. The sum of the transactions selected for verification amounted to a dollar value of []

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C. Working papers were prepared on the selected items and provided the basis of the verification of the receipt of property paid for under the FEDSTRIP/MILSTRIP System. Appropriate notations are recorded in remarks column of the working papers indicating status of each line item.

2. VERIFICATION OF THE RECEIPT OF PROPERTY

A. The supporting documentation retained by the Central Control and Distribution Branch, Supply Division, Office of Logistics was examined to verify receipt of property for a minor portion of the procurement involved.

25X1 B. The verification program for a major portion of the procurement was continued at the Depot during on-site visit to determine the receipt of property for which records were not available within the Central Control and Distribution Branch.

C. FEDSTRIP/MILSTRIP items forwarded to other depots or Type I installations were verified as to receipt of property through examination of manifests, vouchers and machine listings retained within the Office of Finance.

3. FINDINGS

A. It has been ascertained that substantially all of the property paid for under the FEDSTRIP/MILSTRIP procedures has been received.

B. Inconsequential differences were observed as to number of units ordered and number of units received (under and/or over deliveries) also inconsequential price differences which occurred in a small number of instances.. The dollar value of overbillings practically matched the dollar value of underbillings. (see notes in "remarks" column of working papers) (also see Attachment A).

C. <u>STATUS OF PROCUREMENT</u>	<u>NUMBER</u>	<u>TOTAL</u>
* (1) Matched Transactions	326	<div style="border: 1px solid black; width: 150px; height: 150px; display: flex; align-items: center; justify-content: center;">25X1</div>
** (2) Unmatched Transactions	13	
*** (3) Requisitions - Not Received	3	
**** (4) Material - Rejected	<u>2</u>	
TOTAL	<u>344</u>	

*(1) Items were considered matched if price differences were inconsequential due to TPH charges, discounts, or over-delivery/undelivery of units ordered and accepted.

** (2) Includes 7 underpayments totaling [] offset by 6 overpayments totaling [] (see Att. A).

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*** (3) Receipt of material had not been accomplished during verification period. However logistics records reflect non-receipt and appropriate follow-up measures were being taken.

**** (4) Two instances where material received was unsatisfactory and items were returned for credit and/or replacement as indicated in purchase order folder.

4. CONCLUSIONS

A. The discrepancies noted were not sufficiently serious to warrant any adjustments or changes in existing procedures.

B. It appears we are getting the material paid for and "constructive evidence of receipt" should be the basis on which we continue to pay these billings.

C. Due to lack of space, Logistics is forced to retire many folders to Archives shortly upon completion of activity. Therefore, C & L Division should schedule the verification exercise as soon as possible after close of each six month period.

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<u>P.O. NO.</u>	<u>UNDERPAYMENT</u>	<u>OVERPAYMENT</u>
68-2436	\$ 212.00	
69-7822		\$ 303.50
69-1748	39.20	
69-11179		9.99
69-2263	12.00	
69-16332	99.15	
68-9719	180.00	
68-2257	167.00	
69-12788		396.66
68-13749		32.08
69-19209		15.60
68-2314	343.84	
69-1104		<u>120.00</u>
	<u>\$ 1,053.19</u>	<u>\$ 877.83</u>